

OBRA FORMULA FOR FISCAL YEAR 1997/98  
January 10, 1997

$$\text{OBRA 1993 Hospital Specific Limit} = \left( \frac{\text{Medi-Cal/Uninsured Expenses}}{\text{Medi-Cal/Uninsured Revenues}} \right) - \left( \frac{\text{Medi-Cal/Uninsured Revenues}}{\text{Medi-Cal/Uninsured Revenues}} \right)$$

## Medi-Cal/Uninsured Expenses

$$\text{Medi-Cal/Uninsured Expenses} = \left( \frac{\text{Projected Total Hospital Expenses For FY 97/98}}{\text{Patient Mix}} \right) \left( \text{Medi-Cal/Uninsured} \right) + \left( \text{Demonstration Project Expenses}^1 \right)$$

Where,

$$\text{Projected Total Hospital Expenses For FY 97/98} = \left( \frac{\text{Projected Adjusted Hospital Operating Expenses For FY 97/98}}{\text{Expenses For FY 97/98}} \right) + \left( \frac{\text{Estimated FY 97/98 CRRP Costs (From Survey)}}{\text{CRRP Costs (From Survey)}} \right) - \left( \frac{\text{Estimated FY 97/98 Medi-Cal Administrative Activities (From Survey)}}{\text{Medi-Cal Administrative Activities (From Survey)}} \right)$$

Where,

$$\text{Projected Adjusted Hospital Operating Expenses For FY 97/98} = \left[ \left( \frac{\text{Total Operating Expenses}^2}{\text{(L0820001)}} \right) + \left( \frac{\text{Bad Debt}^2}{\text{(L1242025)}} \right) - \left( \frac{\text{CRRP Costs For FY Ending In 1995 (From Survey)}}{\text{CRRP Costs For FY Ending In 1995 (From Survey)}} \right) \right] \left( \text{Trend Factor} \right)$$

and where,

$$\text{Trend Factor} = \left[ \left( \frac{\text{Medicare Market Basket Percentage for FFY 1996}}{\text{Medicare Market Basket Percentage for FFY 1996}} \right) \left( \frac{\text{Hospital 1995 FY End Month Adjustment Factor}}{\text{Hospital 1995 FY End Month Adjustment Factor}} \right) + 1 \right] \left[ \left( \frac{\text{Medicare Market Basket Percentage for FFY 1997}}{\text{Medicare Market Basket Percentage for FFY 1997}} \right) + 1 \right] \left[ \left( \frac{\text{Medicare Market Basket Percentage for FFY 1998}}{\text{Medicare Market Basket Percentage for FFY 1998}} \right) + 1 \right]$$

1. Demonstration project expenses are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
2. From the OSHPD report for fiscal year ending in 1995.

(continued next page)

$$\text{Medi-Cal/Uninsured Patient Mix} = \frac{\left( \begin{array}{l} \text{Total Medi-Cal} \\ \text{In/Outpatient Charges}^1 \\ (\text{L1241505} + \text{L1241507} \\ + \text{Managed Care Charges} \\ + \text{Short/Doyle Charges}) \end{array} \right) + \left( \begin{array}{l} \text{Total County Indigent Program} \\ \text{In/Outpatient Charges}^2 \\ (\text{L1241509} + \text{L1241511}) \end{array} \right) + \left( \begin{array}{l} \text{Total Uninsured} \\ \text{In/Outpatient Charges}^2 \\ (\text{L1241517} + \text{L1241519}) \end{array} \right)}{\text{Total In/Outpatient Charges}^2 \\ (\text{L1241525})}$$

1. From the OSHPD report for fiscal year ending in 1995, the OSHPD Confidential Discharge Data files for calendar year 1995, the San Mateo and Santa Barbara county plans paid claims files for year of service 1995 and the Medi-Cal Short/Doyle paid claims files for year of service 1995.
2. From the OSHPD report for fiscal year ending in 1995.

## Medi-Cal/Uninsured Revenues

$$\begin{aligned}
 \text{Medi-Cal/Uninsured Revenues} = & \left( \begin{array}{c} \text{Total Medi-Cal} \\ \text{In/Outpatient} \\ \text{Revenues For CY} \\ \text{of Payment 1996}^1 \end{array} \right) + \left( \begin{array}{c} \text{Estimated} \\ \text{FY 97/98} \\ \text{CRRP Revenues} \\ \text{(From Survey)} \end{array} \right) + \left( \begin{array}{c} \text{Emergency Services/} \\ \text{Supplemental Payments} \\ \text{Revenues} \\ \text{(SB1255 Funds Paid} \\ \text{or Payable} \\ \text{For FY 97/98)}^2 \end{array} \right) + \left( \begin{array}{c} \text{Estimated FY 97/98} \\ \text{Targeted Case} \\ \text{Management Revenues} \\ \text{(From Survey)} \end{array} \right) \\
 & + \left[ \left( \begin{array}{c} \text{Uninsured Cash} \\ \text{Payments}^3 \\ \text{(L1246017 + L1246019)} \end{array} \right) (\text{Trend Factor}^4) \right] + \left( \begin{array}{c} \text{Demonstration Project} \\ \text{Revenues}^5 \end{array} \right)
 \end{aligned}$$

1. From the Medi-Cal paid claims files (inpatient and outpatient), Medi-Cal Short/Doyle paid claims files, Inpatient Psychiatric paid claims files, San Mateo and Santa Barbara county plans paid claims files and data collected from the Medi-Cal Managed Care plans.
2. From CMAC.
3. From the OSHPD report for fiscal year ending in 1995.
4. Same as the Trend Factor calculated on page two.
5. Demonstration project revenues are determined based on the terms and conditions of an approved federal Medicaid demonstration project.